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JPRS 81943

7 October 1982

# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 42

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### CONTENTS

#### USSR WORLD TRADE

USSR's Trade, Aid Projects Summarized (I. Kapranov; EKONOMICHESKAYA GAZETA, Jul 82) .....	1
--	---

Activities of Foreign Trade Arbitration Commission (Vladimir Pozdnyakov; FOREIGN TRADE, Jul 82) .....	7
--	---

#### TRADE WITH INDUSTRIALIZED COUNTRIES

GDR Paper Views Soviet Trade With France, Austria, Greece (AW-DDR AUSSENWIRTSCHAFT, 14 Jul 82) .....	16
---	----

Prospects for West Europe's Trade With Socialist Countries Assessed (I. Faminskiy; EKONOMICHESKIYE NAUKI, Jun 82) .....	19
--	----

Trade Between USSR, Austria Discussed (FOREIGN TRADE, Aug 82) .....	32
--	----

Long-Term Program, by Friedrich Draschtchick  
USSR Chamber of Commerce

#### Briefs

West German Cranes	43
Machine Tools to USSR	43
Soviet Contract With OPC	43
Yugoslav Dock for USSR	43
German Ethylene Plant to USSR	43
Italian Equipment for USSR	44
Finnish TV to USSR	44
Soviet-Swiss Negotiations	44
Soviet License for Austria	44
Grading Machines	44
Soviet Metalworking Machines	44
Portuguese Rigs for USSR	44



French Pharmaceutical Project  
Dutch Gas Measuring Station  
French Boiler Plants

45  
45  
45

## USSR WORLD TRADE

### USSR'S TRADE, AID PROJECTS SUMMARIZED

Moscow EKONOMICHESKAYA GAZETA in Russian No 31, Jul 82 p 20

[Article by I. Kapranov, chief of the Economic Planning Administration of the State Committee for Foreign Economic Relations: "Solid Foundation for Cooperation"]

[Text] The USSR's economic and technical cooperation with foreign countries is given an important place in utilization of the advantages of the international division of labor to increase the efficiency of social production. Expansion of deliveries of complete sets of equipment to foreign countries is on the one hand making it possible to improve the structure of Soviet exports and on the other to satisfy more fully the needs of the USSR's national economy for progressive equipment, raw materials and supplies and also consumer goods coming into the country to pay for the technical aid.

As of the beginning of 1982 the Soviet Union had extended technical aid to 46 countries in the construction or expansion of 735 different projects. During 1981 122 projects went into full operation and 41 into partial operation.

In the CEMA member countries 89 projects went into full operation, and individual shops and sections began to operate at 22 construction sites.

A number of major projects involved in cooperation went into operation in the first half of 1982.

In Bulgaria 20 different projects went into full or partial operation in 1981 with the aid of Soviet organizations. The largest among them were the Elatsite Copper Enrichment Combine with an output of 10 million tons of ore per year; the Maritsa-East III TES, fired by low-grade lignites, with a capacity of 840 MW (its fourth power generating unit with a capacity of 210 MW has gone on line); a paper mill in Kostentsa; a housing construction combine in Pleven. Work has been completed on construction of the Kozloduy Nuclear Power Plant with a capacity of 1,760 MW. In May 1992 the fourth power generating unit went on line with a capacity of 440 MW. In the first half of the current year three new shops went into operation at the petrochemical combine in Burgas along with other projects.

In Hungary the second converter went into operation with a capacity of 130 tons at the Danube Metallurgical Combine at the beginning of June 1982. The country's largest steel smelting shop with a capacity of 1 million tons per year has gone into operation. Work is progressing at the Paks Nuclear Power Station to install the first two units with a total capacity of 880 MW. The Markushed and Nagyegyaza coal mines have gone into partial operation, which makes it possible to increase the output of coal by 1.1 million tons per year. In Budapest the Sports Palace has been built with a capacity of 12,500 spectators. In May 1982 two block-type greenhouses, each with an area of 6 hectares, went into service.

In Vietnam the first phase of a cement plant with a capacity of 600,000 tons at Binh Son went into operation. In the port of Haiphong reconstruction of the last (of the 11 covered by obligations) dock, No 13, has been completed, and it has gone into operation. Deliveries of materials to guarantee normal movement on the Hanoi-Ho Chi Minh railroad line have been completed. Construction has continued on a number of major fuel and power facilities and coal mines, a plant for repairing quarrying equipment in Cam Pha, a petroleum pipeline 160 km long, the Lao Cai Apatite Mine and the superphosphate plant at Lam Thao, a diesel engine plant at Ha Tan, the Thang Long Bridge over the Red River in Hanoi, and several tea factories and other enterprises.

In the GDR the No 1 turbine unit has gone on line at the Jenschwalde TES with a capacity of 500 MW, a bush-roller chain shop has gone into operation at the agricultural machine plant in Güstrow, along with a short-wave radio station, two production lines for partition panels and lines for production of completely prefabricated bathrooms. In March 1982 an installation went into operation for high-temperature natural gas conversion. The third phase of the Nord AES has been built (units Nos 5 and 6 with a total capacity of 880 MW), and facilities have been built in the construction industry.

In the Republic of Cuba the No 8 power generating unit has gone on line with a capacity of 100 MW at the Mariel TES, the Cueto Punta Gorda section of the power transmission line has been opened, the Tasia and Cubano de Acero machinebuilding plants have been started up in Havana, a steam boiler shop has been put into operation in Sagua la Grande (these machinebuilding enterprises are manufacturing products for the sugar industry), along with 2 sugar mills and 22 training centers. The Havana TES with a capacity of 500 MW and the Rente TES (expansion from 300 to 500 MW) has been built; preparatory work has been done to build the Juragua AES, the country's first, and a metallurgical combine with a full production cycle in Holguin Province. Equipment has been delivered for such major projects as a nickel plant at Punta Gorda, a petroleum refinery at Cienfuegos, the Planta Mehanica Plant in Santa Clara, 11 new sugar mills, as well as for reconstruction and modernization of 23 sugar mills now in operation and for reconstruction of several transportation facilities.

In Mongolia 34 projects have gone into operation, the largest among them the Erdenet Copper and Molybdenum Mining and Ore-Dressing Combine with a capacity of mining and processing 16 million tons of ore per year. A carpet factory (compensation project) and food manufacturing combine in Erdenet have also

been put into operation, along with a spinning mill and motor vehicle service and repair station in Ulan-Bator, a brick plant in Hovd, the Altay-Olgii radio relay line (800 km), 3 farms for multipurpose development of virgin land with a total area of 40,000-45,000 hectares, livestock-fattening areas for 5,000 head of livestock on 2 state farms, a dairy farm for 400 cows, the "(Kharkhira)" animal feed farm, and others. The country's largest open-pit coal mine, (Baganur) (first phase--400,000 tons, while the mine's total capacity will be 6 million tons of coal per year), has begun to produce. A ceramic products combine went into production in April 1982.

In Poland equipment has been delivered for the Polaniec and Belchatow TES, a metallurgical combine at Katowice, facilities in the construction industry, the gas industry, rail transportation, greenhouses, assemblies and parts for production of color television sets, geological explorations for petroleum and gas. Soviet organizations have prepared the engineering drawings for the Zarnowiec AES (two 440-MW units). The USSR, Poland and the GDR have collaborated within the framework of the joint organization Petrobaltik in conducting geological explorations for petroleum and gas on the shelf of the Baltic Sea. In June 1982 an agreement was signed on extending technical aid to Polish organizations in building the first subway line in Warsaw. Plans are to present 90 subway cars as a gift from the Soviet people.

Major projects have also been built in Romania through cooperation, such as the Galati Metallurgical Combine, a soda plant at Rimnicu Vilcea, and a second viscose plant at Braila. A pipe-rolling unit with an output of about 300,000 tons of pipe has been put into operation at the metallurgical plant in Zalau, a power generating unit with a capacity of 50 MW at the Borzesti TETs, etc.

In Czechoslovakia the bulk of deliveries of equipment have been shipped for construction of the second phase of the Bogunice V-2 AES with a capacity of 880 MW (units Nos 3 and 4), for the Dukovany AES (1,760 MW), for the pulp and paper combine in Paskov and the Prague subway. A plant for unbleached pulp with a capacity of 200,000 tons a year has been put into operation at Ruzomberok. In November 1981 an agreement was signed on cooperation in building in Czechoslovakia the first phase of the Temelin AEC with 2 power generating units with VVER-1000 reactors. In March 1982 an industrial carbon installation went into production at Valasske Mezirici.

The USSR's economic and technical aid has expanded to the other socialist countries which are developing states.

In the KNDR [Korean People's Democratic Republic] power generating units Nos 13 and 14, each with a capacity of 100 MW, have gone on line at the expanded Pukchong TES, along with the (Yenkhyn) open-pit coal mine with an output of 1.5 million tons of coal per year, and construction is nearing completion on a most important cooperative project--the cold-rolled sheet shop with a capacity of 400,000 tons at the Kim Chak Metallurgical Plant. In March-May 1982 the "1200" five-stand rolling mill went into operation. A plant for motor vehicle storage batteries and an ammonia plant also went into operation this year.

The space communications station in the system Intersputnik went into operation in Laos in February 1982. Construction is being completed at a workshop for repairing agricultural machines. A lead mining enterprise has been put back into operation, and construction has included a radio station, a polytekhnikum and infirmary in Vientiane, bridges over the Ngym and Kading Rivers, the Latsen State Livestock Farm; and equipment has been delivered for highway construction crews and geological explorations.

In Yugoslavia a power generating unit with a capacity of 135 MW has gone on line at the Novi Sad Heat and Power Plant; other projects which have gone into operation include 3 MNLZ [expansion unknown] with a capacity of 850,000 tons of slabs per year at the Skopje Steel Mill, alumina and electrolysis plants in Titograd, a storage battery plant in Srebrenica (compensation project) and others.

In 1981 the Soviet Union imported goods worth about 2.9 billion rubles originating with projects in the socialist countries built under cooperation.

In Kampuchea principal attention has been paid to rebuilding an infirmary, a higher technical school and a vocational-and-technical school, the No 2 Thermal Electric Power Plant and to setting up a state construction organization. Aid was provided in reestablishing power supply to a number of large cities, in organizing domestic communications with the country's provinces, and equipment was furnished to the seaport at Kompong Som and the riverport Pnom Penh, to banking institutions, to crews for rebuilding and construction of bridges and highways and irrigation installations. Deliveries of equipment have begun to rebuild rubber plantations.

In Algeria a wire shop (540,000 tons), 2 coke batteries (1.2 billion tons) and 2 converters (940,000 tons of steel a year) have been put into full operation at the metallurgical plant in El Hadjera. Obligations have been performed in organizing 34 centers for vocational-technical education with a total student body of 3,000. Geological exploration has been conducted.

In Angola construction has continued on petroleum depots, aid has been extended in developing fishing, agriculture, operation of fuel and power facilities, and in development of education and health care. In January 1982 a program was signed for economic and technical cooperation, as well as a trade agreement between the USSR and the People's Republic of Angola for the 1981-1985 period and up to the year 1990, which specifically provided for building the (Kapanda) Hydroplant with a capacity of 450 MW and the North--Center--South power transmission line.

In Afghanistan the (Dzarkuduk) Gas Field has been completely developed with an output of 1.5 billion cubic meters of gas per year, a petroleum depot has been expanded at Jeyretan, and a bakery in Kabul, a satellite communications station of the system Intersputnik of the Lotos type have gone into operation. In May 1982 a highway-railroad bridge was opened over the Amu Dar'ya River.

In India work is being completed on expansion of the metallurgical plants at Bhilai and Bokaro to 4 million tons of steel per year at each one. The

fourth blast furnace and fifth coking battery have been put into service at the plant in Bokaro. At the aluminum plant in Korba, a foundry has gone into operation, and the first rolled aluminum products have been produced.

In the People's Democratic Republic of Yemen work has begun to build the construction facility of a thermal electric power plant with a capacity of 50,000 kw with a desalinization complex, and a fishing port in Aden. Construction is coming to an end on the 300-bed military hospital in the capital.

In Libya the second stage of construction has been completed on the nuclear research center, a broad scale of construction has been under way on the 570-km gas pipeline, and petroleum drilling work has continued.

In Mozambique three vocational-and-technical schools have opened up. Work is being done in the port of Maputu to build a complex for repairing fishing vessels. Aid has been extended in the raising of cotton.

Capacities of Enterprises Built With the Aid of the USSR Abroad (as of the end of 1970 and the end of 1981)

	Socialist Countries		Developing Countries	
	<u>1970</u>	<u>1981</u>	<u>1970</u>	<u>1981</u>
Electric power stations (installed capacity), millions of kwh	18.0	38.4	3.8	7.7
Pig iron, millions of tons	15.2	22.7	2.5	12.4
Steel, millions of tons	15.8	28.7	2.5	10.2
Rolled products, millions of tons	17.4	29.7	2.2	7.5
Coal, millions of tons	22.7	38.6	2.7	4.8
Petroleum (refining), millions of tons	17.0	37.7	8.6	11.6
Cement, thousands of tons	2,020.0	8,390.0	50.0	1,550.0
Length of railroad lines, km	78.0	3,203.0	642.0	1,773.0

In Syria construction is being completed on an irrigation network covering an area of 17,000 hectares in the Maskanah Massif, and the pace of construction has been stepped up on the dam on the northern Kebir River. Aid has been extended in operation of the Euphrates Hydrocomplex, at which about 65 percent of the country's electric power was generated last year.

In Ethiopia deliveries have been made of equipment for building petroleum facilities and grain and mixed feed warehouses.

Important national economic projects have been built in the other developing countries as well.

For instance, in Bangladesh a new gas deposit has been opened. In Egypt a cement plant has gone into operation at El Tibn, and certain projects have been started up at the Helwan Metallurgical Combine and Coke and Chemical Plant. In Iraq a thermal power station has begun to operate at Nasiriya with a capacity of 840 MW. In Iran the Isfahan Metallurgical Plant has been

expanded. On Madagascar a medium-wave radio station has been put on the air. In Nigeria construction has been organized of the first phase of the metallurgical plant at Ajaokuta with a capacity of 1.3 million tons of steel per year. In Pakistan the first phase of the "Pig Iron" Complex has gone into operation at the metallurgical plant in Karachi. Turkey has been given aid in expanding the Iskenderun Metallurgical Plant from 1 million to 2 million tons of steel per year. In Sri Lanka expansion of the metallurgical plant at (Oruvel) was completed in July 1982.

In 1981 and early 1982 about 50 projects were put into full or partial operation in the developing countries with aid of the Soviet Union.

With the resources arriving from the developing countries to pay for Soviet aid and to repay the credit extended to a number of countries, the USSR is purchasing necessary goods in those countries.

Large and responsible tasks are being performed in the current 5-year plan in expanding economic and technical cooperation with the foreign countries and in making it more economically efficient. Exports of complete sets of Soviet equipment are to increase more than 1.4-fold over the 10th Five-Year Plan.

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CSO: 1825/84

ACTIVITIES OF FOREIGN TRADE ARBITRATION COMMISSION

Moscow FOREIGN TRADE in English No 7, Jul 82 pp 36-40

[Article by Vladimir Pozdnyakov]

[Text]

Fifty years have passed since the establishment in June 1932 of the Foreign Trade Arbitration Commission (FTAC) at the USSR Chamber of Commerce and Industry. It is one of the oldest permanent arbitration courts settling disputes arising out of foreign trade, as well as some other civil law disputes.

Over the past 50 years the Commission has considered around 3,000 disputes. Basically they were disputes between Soviet foreign trade organizations and their partners abroad. Disputes between foreign organizations have also been considered.

The number of cases dealt with by the FTAC increased to a particularly great extent after World War II when the USSR's external economic ties rapidly expanded. The socialist countries began signing bilateral General Conditions of Delivery of Goods, thus giving rise to a new phenomenon in the practice of international commercial arbitration, namely, establishment of the exclusive competence of an arbitration court to consider disputes arising out of purchase/sale contracts. Such disputes were subject to consideration by an arbitration court set up at the Chamber of Commerce of the defendant's country. And, consequently, if the defendant was a Soviet organization the dispute was considered by the Foreign Trade Arbitration Commission in Moscow. As some countries, however, at that time did not have arbitration courts competent to deal with disputes arising out of foreign trade transactions, the General Conditions of Delivery assured that all disputes be submitted to the FTAC at the USSR Chamber of Commerce and Industry for consideration.



The principle of the exclusive competence of arbitration to consider foreign trade disputes was expressed in the CMEA multilateral General Conditions of Delivery of Goods of 1958 and 1968 and in some other CMEA General Conditions. The application of this principle was then extended and fixed in the 1972 Moscow Convention on the settlement by arbitration of civil law disputes arising out of economic, scientific and technical cooperation. The parties to the Convention are Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia.

The volume of the FTAC's activity has greatly increased over the past four years. Between 1978 and 1981 the Commission accepted for consideration 209, 209, 351 and 269 cases respectively, or a

total of 1,038 cases: mainly claims against Soviet foreign trade organizations made by their contracting partners in other CMEA countries which all in all account for over 90 per cent of the total number of cases being considered by the FTAC.

The Commission's role in settling foreign trade disputes between Soviet organizations and their partners in capitalist countries can be judged by the fact that between 1975 and 1979 no more than 10 disputes of such a subject composition were settled by arbitration courts outside the Soviet Union, whereas in the Commission 29 disputes were dealt with. Among parties to the disputes were firms from 20 countries, including Canada, Brazil, Great Britain, Italy, the Federal Republic of Germany. Contending parties to 17 out of the 29 disputes were the firms of capitalist countries; nine of them were terminated without decisions due to their withdrawal as a result of their amicable settlement or because of the plaintiff's inaction; seven claims were satisfied fully or in part: one claim was dismissed altogether. Soviet organizations were plaintiffs in 12 cases; five of them were terminated without decisions in view of their amicable settlement, six were satisfied fully or in part, one case was totally dismissed.

At present the FTAC is operating on the strength of a Statute approved by a Decree of the Presidium of the USSR Supreme Soviet of April 16, 1975.<sup>1</sup> This Decree was confirmed and adopted at the session of the USSR Supreme Soviet on July 9, 1975.<sup>2</sup> The 1975 Statute was worked out with due regard for the above-mentioned Moscow Convention of 1972,

which provided for extension of the competence of the participating countries' arbitration courts. Although this extension only concerned relations between organizations of the countries-signatories to the Convention, when elaborating the FTAC Statute it was deemed advisable to give the Commission wider competence for arbitrating disputes with the participation of organizations and firms from other countries as well.

The Commission's organizational structure and rules of procedure are defined by the Rules of Procedure approved by the Decision of the Presidium of the USSR Chamber of Commerce and Industry

of June 25, 1975. A schedule on arbitration fees and costs and on parties' expenses is a component part of the Rules. The Rules of Procedure were elaborated with regard for the Uniform Regulations for arbitration courts at the chambers of commerce of the CMEA countries as approved at the 66th meeting of the CMEA Executive Committee in February 1974.

Each case is examined in the FTAC as a rule by three arbitrators. By agreement between contending parties the dispute may be examined by a single arbitrator. In the absence of such an agreement each of the parties selects one arbitrator, and then the two arbitrators select the third one as the chairman of the tribunal. Should the defendant fail to choose an arbitrator within the established time-limit, and also if the two arbitrators fail to elect the chairman of the tribunal within the established time-limit, the President of the FTAC appoints the arbitrator for the defendant and, hence, the chairman of the arbitration proceedings. Provision is also made for the right of each of the parties to challenge the selected or appointed arbitrator.

Arbitrators are selected and appointed from among the persons whose list is approved by the Presidium of the USSR Chamber of Commerce and Industry. The list includes persons with the required special knowledge in the field of disputes accepted by the Commission for consideration. In addition, the Statute ensures that one more quality of an arbitrator is present: he must be impartial and independent in fulfilling his duties. Approval of the lists of arbitrators by the Presidium of the USSR Chamber of Commerce and Industry is viewed as a guarantee that the high demands made on arbitrators are secured.

The Rules of Procedure have laid down that the list of arbitrators should include at least 15 persons. The establishment of this minimum is intended to give the parties enough latitude in selecting arbitrators acceptable to them. As the Commission's activity broadened the list of its arbitrators was gradually extended and now includes 26 persons. Among these are 20 professors and instructors at institutes of higher education and also researchers at scientific institutions. These include Merited Scientists of the Russian Federation S.N. Bratus, B.S. Vaganov, V.S. Pozdnyakov, O.N. Sadikov, Ye.T. Usenko. Three FTAC arbitrators are members of the International Council for Commercial Arbitration. Also on the list of arbitrators are some officials of government institutions and other organizations: N. Yu. Sergeyeva, deputy chairman of the RSFSR Supreme Court; S.D. Ordynsky, deputy chief arbitrator of the State Arbitration Tribunal under the RSFSR Council of Ministers; G.S. Burguchev, head of the Legal Department of the International Investment Bank; D.L. Ivanov, head of the Legal Department of the Bank for Foreign Trade of the USSR.

As written in the Statute, the approved list of arbitrators is valid for four years. On expiration of this period the arbitrators on the list are each time reapproved for the new term, and therefore they actually remain on the list for an undefined period. Two-thirds of the total number of arbitrators have served on the Commission more than eight years. The high level of theoretical training and long-standing experience enable the arbitrators to skillfully settle disputes however difficult.

The FTAC chiefly considers disputes arising out of purchase/sale contracts (deliveries). Submitted for its consideration are also disputes arising out of contract of work, agency agreements, agreements on exclusive selling rights, shipping and freight contracts and others.

About one-half of the disputes arising from purchase/sale contracts are caused by delays in delivery or failure to deliver. Quite considerable is the number of disputes connected with settlements and those due to the shipment of goods of an improper quality.

The procedure envisaged by the Rules gives the contending parties ample opportunity to substantiate their positions, and the arbitrators to take an objective and impartial decision.

As distinct from decisions made by arbitration courts in several capitalist countries those taken by the FTAC are always to be motivated, so that each of the parties is able to realize why the Commission decided so and not otherwise.

Such an important arbitration advantage as the time-limits for considering disputes is reflected in the Commission's activity. Most disputes are settled within a period of six to eight months. Longer periods are required when an expertise is necessary. The above-mentioned period of time may also be extended at the request of the contending parties with a view to achieving an amicable solution of the dispute.

Confidentiality is guaranteed. Although under the Rules cases in the FTAC are examined in public, most disputes in actual fact are considered only in the presence of representatives of the contending parties and of the persons invited by them. At the same time, as is laid down in the Rules, at the request of at least one of the parties or on the initiative of the arbitrators the case may be considered privately.

Arbitration fees charged to cover the Commission's total expenses, including arbitrators' fees, are moderate. With the claim amount being 100,000 rubles, for instance, all arbitration fees make up a mere sum of 2,100 rubles.

Similar to the decisions of commercial arbitration courts in most other countries, the decisions of the FTAC are considered final and not subject to appeal.

The organization and activity of the Commission are given broad coverage in the press. We will mention in this connection the three books on the practices of the FTAC written by its former President

D.F. Ramzaitsev.<sup>3</sup> Seven issues of the *Arbitrazhnaya praktika* collection compiled by A.I. Shpcktorov, A.A. Kardashin and V.A. Kabatov (1972-1979) have been put out. The Commission's practices are regularly covered in the *Materials of the Legal Section of the USSR Chamber of Commerce and Industry*, and other publications. The first four issues of the *Arbitrazhnaya praktika* have been published in Russian and English. The *Foreign Trade* magazine,

<sup>3</sup> D.F. Ramzaitsev, *Foreign Trade Arbitration in the USSR*, Moscow, Gosyurizdat, 1952; the same author, *Foreign Trade Arbitration in the USSR*, Moscow, Vneshtorgizdat, 1957; the same author, *The Purchase/Sale Contract in Soviet Foreign Trade*, Moscow, Vneshtorgizdat, 1961 (all in Russian).

where surveys of the Commission's latest practices regularly appear, is published in Russian, English, Spanish, German and French. Articles by Soviet authors on the legal status of the Commission and its practical activity appear in the *Yearbook* published by the International Council for Commercial Arbitration, and in other publications abroad.

The organization and activity of the FTAC have been dealt with in dozens of articles by foreign authors published over different years in the socialist countries, the USA, the FRG and other countries. In this connection we cannot but agree with Prof. J. Waeler of the Max Planck Institute in Hamburg, who wrote: "Perhaps, on no other permanent arbitration court in the East or the West is there so abundant literature as on the two institutional arbitration courts (having in mind also the Maritime Arbitration Commission.—*Author*) at the USSR Chamber of Commerce and Industry."<sup>4</sup>

F. Kellor, an American author, in 1946 characterized the Foreign Trade Arbitration Commission as "one of the world's best arbitration organizations of this kind."<sup>5</sup> In the cold war years, in the American literature prevailed the attempts to disqualify the FTAC as an arbitration institution, and that on the far-fetched pretext that this Commission is supposedly an organ of state administration, an administrative body. "The Foreign Trade Arbitration Commission", M. Domke wrote in 1955, "is an agency of the Soviet Government." The only "basis" for this statement was his allegation that "in Moscow there is nothing other than government agencies."<sup>6</sup>

In subsequent years more and more researches into arbitration began to appear, whose authors intend to make an objective appraisal of the organizational principles and activity of the Commission.

<sup>4</sup> J. Waeler, *International Arbitration in Economic Relations between the Federal Republic of Germany and the Soviet Union*. "USSR-FRG: Legal Aspects of Internal and Bilateral Economic Relations", Academy of Sciences Institute of State and Law Publishers, Moscow, 1980, p. 129 (in Russian).

<sup>5</sup> From S.N. Lebedev, *International Trade Arbitration*, Moscow, Mezhdunarodniye Otnosheniya Publishers, 1965, p. 203 (in Russian).

<sup>6</sup> Retranslated from S.N. Lebedev, *Op. cit.*, p. 204.

Among these authors we will mention H. Berman and L. Bustin, who in 1975 wrote that "after some

years of only begrudging acceptance by the international trading community, the Foreign Trade Arbitration Commission has gained a reputation for a high degree of professional competence and of fairness."<sup>7</sup>

Reference may also be made to the above-mentioned Prof. Waeler, who makes his positive assessment of the Commission's activity with due regard for the citizenship of its arbitrators: "Although neither the Statute nor the Rules of Procedure prohibit the inclusion of foreigners in the list of arbitrators, all members of the Foreign Trade Arbitration Commission are Soviet citizens. All the higher should therefore be the appraisal of the conclusion repeatedly made by foreign experts that the decisions of this arbitration court make it impossible to detect influences alien to a given case. In judiciary law one finds no confirmation of the suspicion sometimes voiced to the effect that in case of doubt the arbitrators could supposedly decide in favour of the Soviet side. There is a unanimous opinion that the Foreign Trade Arbitration Commission is well selected in composition and, as a rule, unerringly applies Substantial Law as recognized appropriate to a given transaction."<sup>8</sup>

The Foreign Trade Arbitration Commission is cooperating on a broad scale with similar arbitration centres in other countries. By agreement between the chambers of commerce of the CMEA member-states and Yugoslavia meetings of the presidents of the arbitration courts and commissions at these chambers are held every two years. The first such meeting took place in Prague in 1959. Then other meetings were held in Moscow, Berlin, Warsaw, Varna, Bucharest, Budapest, Ulan Bator, Havana, Bratislava, and in October 1981— in Tashkent and Samarkand. In accordance with the agreed rules, applicable to such meetings the parties exchange information about the application of the uniform rules of Substantial and Procedural Law and discuss current problems of arbitration activities, of common interest to all. At the last, 11th meeting, for instance,

<sup>7</sup> *Law and Policy in International Business*, Vol. 7, No. 4, 1975, p. 1021.

<sup>8</sup> J. Waeler, *Op. cit.*, p. 130.

the participants discussed the following basic questions: the practice of applying the Moscow Convention of 1972; the use of expert opinions in considering disputes; the responsibility for failure to execute a contract of delivery under the CMEA General Conditions of Delivery of Goods; disputes arising out of agreements on production specialization and cooperation between economic organizations of the CMEA countries; some questions of settling disputes between economic organizations of the CMEA members and Yugoslavia.

Other forms of information exchange have been agreed upon and are now in use. Bilateral meetings of the leading personnel of arbitration courts and commissions of individual countries also take place.

Cooperation between the arbitration centres of

the CMEA member-countries has found reflection in the Comprehensive Programme of socialist economic integration, which is an effective stimulus for the further development of this cooperation. The Programme has as one of its major aims the expansion of information exchanges (including exchanges of arbitration awards) between the arbitration bodies of the CMEA countries with a view to assuring uniform application by the arbitration bodies of the countries of the General Conditions of Delivery of Goods between CMEA members' organizations, and other acts regulating individual areas of their economic, scientific and technical cooperation.

A highly effective form of cooperation was the joint activity of arbitrators from the CMEA countries in the working groups of the Conference representatives on legal questions who had some time earlier prepared drafts of the Moscow Convention of 1972 and of the 1974 Uniform Regulations for the arbitration courts at the chambers of commerce of the CMEA countries.

The FTAC is also cooperating with arbitration centres in other countries. Arbitrators for the Commission, for instance, took part in several seminars on arbitration questions, which the Arbitration Court of the International Chamber of Commerce arranged (Prague, 1978; Budapest, 1980). In 1981 they had fruitful meetings with Dr. Eduardo Cobos, president of the Spanish Arbitration Association, and members of this Association, Dr. Sten Rudholm, president of the Institute of Arbitration in Stockholm, and Mr. Ulf Franke, head of the Legal Section of the Stockholm Chamber of Commerce.

FTAC arbitrators participate in international arbitration congresses. Up to now six such congresses have taken place. The Fourth International Arbitration Congress on Arbitration and International Economic Cooperation in Industrial, Scientific and Technical Development was held in Moscow in 1972.

Within the next two or three years it is planned to make certain amendments to the Rules of Procedure of the FTAC. The need for such amendments is dictated by the experience of using the 1975 Rules now in force. It is expedient, in particular, to take into account the specifics of considering cases for relatively large sums, whose number is growing. At present the Commission is considering a case for over 250 million US dollars. Such big cases are as a rule noted for their considerable complexity. Improvement of the Rules of Procedure will be effected in close contact with the arbitration courts of the countries of the socialist community. A further increase in the number of arbitrators is expected. Measures are being taken to expand the number of publications on the activity of the Commission.

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CSO: 1812/180



## TRADE WITH INDUSTRIALIZED COUNTRIES

GDR PAPER VIEWS SOVIET TRADE WITH FRANCE, AUSTRIA, GREECE

East Berlin AW-DDR AUSSENWIRTSCHAFT in German No 29, 14 Jul 82 p 3

[Article: "Activities for Further Expansion of Economic Relations:]

[Text] USSR-France: New Long-Term Program in Science and Technology in Preparation

The 19th meeting of the Joint Soviet-French Commission for Scientific-Technical and Economic cooperation reaffirmed the successful realization of the agreement on economic cooperation in the period from 1980 to 1985 and the long-term program for intensifying economic, industrial and technical cooperation up to 1990. This is reflected in the continued expansion of the mutual sale of goods which in 1981, in contrast to 1980, increased by about 12 percent. As was stressed to TASS by V Zushkov, USSR deputy minister of foreign trade, both countries are taking steps to also guarantee in the future a significant trade increase on a balanced base. This is helped by the large agreements which have been signed in the past 1 and 1/2 years concerning the delivery of complete sets of equipment to the USSR, among other things for the production of insecticides, paints, tar and insulating materials and for the rebuilding of the automobile factory on the Volga River. The most important agreements concern equipment for the Urengoi-Ushgorod natural gas pipeline and the deliveries of natural gas to France planned for the next 25 years, to increase annually up to 8 billion cubic meters.

Under discussion at present are projects to exploit the Astrakhan natural gas deposits, a comprehensive plant for deeper cracking of petroleum, the production of catalysts and drilling pipes and the exploration and pumping of petroleum on the continental shelf of the Barents Sea. Negotiations are also in progress on the delivery of Soviet equipment to France, including equipment for machine construction, metallurgy and the textile industry.

The 19th commission meeting devoted substantial space to the realization of government agreements in selected areas of science and technology. The results in medicine, agriculture, environmental protection, chemistry and energetics were stressed. The participants expressed their conviction that the joint space project is an important milestone in the development of scientific-technical cooperation. Special attention was paid to expanding

scientific-technical cooperation in agriculture and in associated branches. The schedule calls for implementing in the USSR this fall an exhibition by French companies which specialize in these branches. It was decided to present the draft of a new program this year to replace the expiring 10-year program from 1973 for intensifying cooperation in the areas of science and technology.

#### USSR-Austria: Stronger Orientation to New Forms of Cooperation

During the official state visit of Austria's president, Dr Rudolf Kirchschlaeger, at the end of May 1982 to the USSR both sides gave a positive assessment of the level achieved in bilateral economic relations. They underscored their determination to increase further the rate of economic cooperation, to improve their efficiency and to make broader use of new forms. Both countries also want to work toward the goal of developing mutually advantageous trade on a more balanced basis.

The sale of goods between the two countries has more than doubled in the 5-year period 1976 to 1980. The average rate of annual increase during this period was 15.9 percent. In the process Soviet exports developed at a greater rate than imports. In 1981 the exchange of goods registered a growth of 39.4 percent. Thus, it reached about R1.4 billion.

More than 80 percent of Soviet exports in 1980 had to do with energy sources, especially natural gas and petroleum. Important export areas are also iron ore, iron alloys, chemical products, wood, cellulose, cotton, vehicles and machine tools. In imports from Austria rolled stock, pipes, machines and equipment dominate with a share of about 70 percent. In both cases about 10 percent are consumer goods, mainly clothing and shoes, but also chemical products. The array of Austrian exports is supplemented by foodstuffs and raw materials.

New perspectives for expansion and for deepening economic, scientific-technical and industrial cooperation were initiated by the long-term program for the period up to 1990 which was signed in January of last year. In connection with it, during the most recent discussions at the highest level, particular emphasis was placed on the importance of the agreements on involving the VOeEST [United Austrian Iron and Steel Works, Inc]-Alpine in the construction of a metallurgical enterprise for the production of 500,000 tons of rolled stock in the USSR and involving Austrian companies in the building of the natural gas pipeline from Yamal to the USSR's western border. The realization of additional large agreements which were recently made takes into account the concern on both sides to enlarge the exchange of goods, to improve its structure and to eliminate the imbalance in trade. This includes the agreement with Austrian Shipyards Ltd, Linz, concerning the delivery of 10 ships and agreements on Soviet imports of equipment to manufacture glasses frames, machines for making paper, machine tools, processing machines for plastics and petroleum drilling pipes; the USSR will order annually 200,000 tons of these in the period 1983 to 1986.

## Development of USSR Trade with Austria

	Sales in millions of rubles	Export	Import
1975	444.8	218.2	226.6
1976	466.5	274.1	192.4
1977	615.8	352.4	236.4
1978	643.1	371.1	272.0
1979	810.0	441.8	368.2
1980	976.2	580.2	396.0
1981	1,361.0	853.6	507.4

Source: USSR Foreign Trade Statistics

### USSR-Greece: First Commission Meeting Identifies Areas of Cooperation

In mid-June the Soviet-Greek government commission for economic and industrial cooperation met for the first time. It discussed questions of trade and economic relations and industrial and scientific-technical cooperation. Machine construction, the energy industry, railroad transport, subway and pipeline construction and the chemical and foodstuffs industries were outlined as future areas of cooperation. The partners agreed to develop by the next commission meeting the draft of a long-term program of cooperation in business, industry, science and technology.

Trade between the two countries in the past 2 years registered rates of increase which were far above the growth indexes achieved in trade between the USSR and the capitalist industrial countries. After the Soviet-Greek sales of goods in 1980 had more than doubled over 1979, the development dynamics, which had started, continued with a growth of 27.2 percent in 1981. Sales amounted to R637 million in 1981.

### Statsfoeretag Opened Agency in Moscow

Statsfoeretag, the state industrial association opened an agency in Moscow. This Swedish group includes about 150 enterprises of various branches, among others, machine construction (equipment for mining and the wood industry), ferrous metallurgy, the chemical, pharmaceutical and consumer goods industries.

On the occasion of the opening of the Moscow agency the president of Statsfoeretag K Aman, lauded the stable and long-term basis of business relations with the USSR. These had special importance for Statsfoeretag in view of the manifestations of crisis in business and foreign trade in Western countries. The Statsfoeretag agency will also protect the interests of the state ship and machine construction conglomerate Swedyards and the PK banks.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### PROSPECTS FOR WEST EUROPE'S TRADE WITH SOCIALIST COUNTRIES ASSESSED

Moscow EKONOMICHESKIYE NAUKI in Russian No 6, Jun 82 pp 87-93

[Article by I. Faminskiy, professor, doctor of economic sciences: "USSR's Economic Relations With the Capitalist States"]

[Text] The policy course of peaceful coexistence of countries with different socioeconomic systems is the basis of the foreign policy of the Soviet Union and all the countries of the socialist commonwealth. "For us peaceful coexistence is not a temporary tactical move," Comrade L. I. Brezhnev has noted, "but an important principle of a consistently peaceful socialist foreign policy. That kind of policy creates the most favorable conditions for construction of a new society in the socialist countries and for development of the revolutionary and liberation movement."<sup>1</sup> Consistent realization of the main lines of foreign policy elaborated at the 24th and 25th CPSU Congresses and referred to throughout the world as the Soviet Peace Program, has become an effective factor in international relations. Important steps have as a result been taken toward relaxation of international tension, and new conditions have been created for development of cooperation between countries belonging to the two world systems.

The successes achieved in the seventies in relaxation of international tension served as an important factor for expansion of economic relations between the socialist and the advanced capitalist countries.

To be specific, in that period there was a considerable expansion of relations between the USSR and France; and the USSR's friendly relations with Finland developed successfully and are continuing to develop at the present time. There were also tendencies toward development of cooperation between the USSR and Japan, Italy, and the Scandinavian countries. The conclusion of treaties between the socialist countries and the FRG, which were based on the principles of peaceful coexistence and recognition of the permanence of European borders resulting from World War II, were an important contribution to development of relations between countries of the two systems in Europe and throughout the world.

At the beginning of the seventies certain steps were also taken to improve relations between the USSR and the United States. They resulted in the signing of a document like the "Bases of Relations Between the Union of Soviet

Socialist Republics and the United States of America," the agreement on strategic arms limitations (SALT-1), a number of documents on cooperation in space, in environmental protection, in health, in science and technology, in peaceful use of atomic energy, in agriculture, in oceanographic exploration, in development of transportation, and so on.

The Conference on Cooperation and Security in Europe which was convened on the initiative of the socialist countries and in which 33 European countries and also the United States and Canada took part, played an important role in improving the political climate in the world. The Final Communique signed by all participants in that conference on 1 August 1975 outlined specific steps toward strengthening security in Europe and toward expansion of relations in the fields of economics, science and technology, the environment, as well as cooperation in humanitarian and other fields.

But the definite achievements of detente aroused fierce resistance on the part of the most reactionary circles of imperialism, American imperialism first of all, who see these successes as an impediment to their aggressive plans, to the desire of imposing their own will on various countries and peoples. These circles have adopted a course toward aggravation of the international situation and are persistently following such a course in practice.

Under these conditions our country and the other states of the socialist commonwealth are applying all efforts to preserve those constructive changes which occurred on the international scene in the seventies and to achieve a strengthening of peace and trust among countries. New proposals were advanced from the rostrum of the 26th CPSU Congress encompassing a wide range of aspects of reduction of various types of arms and normalization of the situation in various regions of the world. This is an organic extension and development of the Peace Program applied to the most burning and urgent problems of international life. "Defending the peace," Comrade L. I. Brezhnev emphasized at the 26th CPSU Congress, "at the present time there is no more important task on the international scene for our party, our people, and indeed for all the peoples of the planet."<sup>2</sup> Continuing the course of the 26th CPSU Congress toward normalization of the international situation, our party and government have presented important new peace initiatives. Comrade L. I. Brezhnev spoke about them at the 17th Congress of USSR Trade Unions, at the ceremonies in Tashkent devoted to presentation of the Order of Lenin to Uzbek SSR. In spite of the intrigues of its enemies, the policy of peace is encountering support even from broad strata of the population of the capitalist countries and certain political and business circles of the West, especially western Europe, who are interested in preserving detente and in expanding cooperation with the socialist countries.

Development of economic relations between socialist and capitalist countries became an integral part of the process of relaxation of international tension in the seventies. This was expressed above all in the substantial growth of the volume of trade between them. For instance, over the period from 1960 to 1980 the volume of trade between the CEMA member countries on the one hand and the advanced capitalist countries on the other increased from 4.9 billion to 67.4 billion rubles, i.e., almost 14-fold, and the average annual rates of its

growth were about 15 percent. The USSR's trade with the advanced capitalist countries has grown at a very high pace. Between 1960 and 1980 it increased from 1.9 billion to 31.6 billion rubles, i.e., almost 17-fold, and over the 1970-1980 period 6.7-fold. In 1980 the industrially advanced capitalist countries accounted for 33.6 percent of all the USSR's foreign trade. Trade with the industrially advanced countries also represents an important share of the total trade of the other countries of the socialist commonwealth (figures for 1980): 36.7 percent for Hungary, 34.8 percent for Poland, 27.4 percent for the GDR, 23 percent for Czechoslovakia, and 16.5 percent for Bulgaria. Along with trade, other forms of relations have also developed.

Certain bourgeois economists try to give the impression that it is only the socialist countries which are interested in developing international economic relations. Assertions of this kind are without any basis whatsoever. In the context of the scientific-technical revolution the countries representing the two social and economic systems have a mutual interest in exchange of scientific-technical know-how, products from the most up-to-date production operations, and the results of R&D. The advanced capitalist countries cannot ignore the successes of the USSR and other socialist states in the domain of science and technology. Representatives of western firms are constantly showing an interest in acquiring technologies and certain types of machines and equipment created in the Soviet Union. More optimum use of the economic potential that has been built up makes a mutual interest in cooperation inevitable.

The need for specialization and cooperation in order to ensure the optimum scale of production over all the highly complicated and ramified range of temporary branches of industry is one of the most important reasons for the development and deepening of the worldwide division of labor under contemporary conditions. That is why the socialist countries, concentrating their efforts on the processes of developing and deepening socialist economic integration, do not exclude the possibility of relations with other countries, including the advanced capitalist countries.

Nor can factors of a geographic nature fail to have an influence on the world division of labor. The Soviet Union, for example, possesses very large deposits of petroleum, natural gas, coal, and iron ore; it has large timber resources, and so on. The countries of the West are interested in them. The Soviet Union in turn, delivering to the capitalist countries products of the extractive industry, can use the resources it obtains to make purchases abroad both of certain types of raw materials and also machines and equipment which can ensure faster scientific-technical progress in our country.

Under present conditions greater opportunities are arising for cooperation among countries in the most optimum consumption of electric power in the hours of peak loads. Opportunities of that kind also exist in a number of other sectors--say, in use of the large rivers, for example, the Danube, for shipping, in optimum use of the seas and oceans from the standpoint of development of fishing, and so on. Cooperation is taking on particular importance in the field of environmental protection, especially in solving such problems as protecting the purity of the air, of water basins, etc. It was emphasized at the



26th CPSU Congress that our country needs "to participate actively in solving international problems in the domains of raw materials, fuel and energy, food, environmental protection, peaceful conquest of space, utilization of the resources of the oceans and improvement of international economic relations on a fair and equal basis."<sup>3</sup> It is also very important that the USSR and the European socialist countries, just like the capitalist countries of the West, now have an industry that it is developing on an up-to-date foundation. This creates the objective prerequisites for expansion of the most advanced forms of division of labor and economic relations between them.

It should be noted that the interest of certain capitalist countries and especially of certain firms in trading with the socialist countries has been growing considerably as the contradictions have become more acute on the world capitalist market, as sales problems have become more complicated, and as economic conditions have worsened. For many West European firms the role of the market of the socialist countries is strengthened as the competitive struggle with the United States becomes fiercer, especially in the domain of deliveries of the products of the most up-to-date production operations to the world market. A sizable portion of the trade of the socialist countries, including that of the Soviet Union, with the industrially advanced states is with the countries of western Europe. In the foreign trade of the USSR, for example, the share of the latter is more than 80 percent of all trade with the industrially advanced countries.

In recent years the FRG has been the USSR's largest trading partner among the industrially advanced capitalist countries. Trade between these countries has been growing at a high pace; in 1980 it represented 18.3 percent of the USSR's trade with the advanced capitalist countries. The USSR is importing machines and equipment, rolled products of ferrous metals, etc., from the FRG. The principal Soviet exports to the FRG are petroleum and petroleum products, and also natural gas.

The USSR's relations have been developing successfully with its northern neighbor--Finland, which occupies second place in the USSR's trade with the advanced capitalist countries (12.3 percent in 1980). The Long-Range Program for Developing and Deepening Commercial, Industrial and Scientific-Technical Cooperation up to the year 1990 is becoming an important instrument for developing economic relations between these two countries on a long-term basis. The agreement on Finland's cooperation with CEMA has great importance to further development of economic relations of the USSR and the other countries of the socialist commonwealth with Finland. In 1979 the CEMA member countries accounted for 16.2 percent of Finland's exports and 23 percent of its imports.

The USSR's trade with France and Italy has grown at a high pace. In 1980 their share in the USSR's trade with the advanced capitalist countries was 11.9 and 9.6 percent, respectively. At the beginning of the seventies the USSR's economic relations with Japan were developing rather intensively. Japanese business circles showed a great interest in participating in development of the natural resources of Siberia and the Far East and in obtaining certain raw materials. In certain years Japan even occupied the leading place among the advanced capitalist countries in our country's trade. But recently, under

pressure of the ruling circles of the United States, measures have been taken in Japan to hold back the growth of trade with the Soviet Union. In 1980 Japan accounted for 8.6 percent of the USSR's trade with the advanced capitalist countries.

England was one of the first to undertake development of economic relations with the USSR after the period of the Cold War. In the mid-fifties that country accounted for almost one-fourth of the USSR's total trade with the capitalist countries. There was an absolute growth of trade between the USSR and England even after that, but the reluctance of British ruling circles to take specific steps toward deepening cooperation with the USSR had the result that in 1980 England occupied only sixth place among the capitalist countries with respect to the volume of trade with the USSR, and its share in our country's trade was only 5.7 percent. Soviet foreign trade has been developing with a number of small countries in western Europe--Holland, Belgium, Austria, Sweden, Switzerland, and others.

Improved relations between the USSR and the United States in the early seventies gave a certain impetus to development of mutual economic relations. A number of deals were concluded, including rather large ones, and a trade agreement was also signed. But passage of a trade law by the U. S. Congress which contained discriminatory clauses toward the USSR made it impossible to ratify the trade agreement. Retention of obstacles to the export of Soviet goods to the United States has been hindering normal balanced development of trade between the two countries. Although the volume of the USSR's trade with the United States exceeded 2.8 billion rubles in 1979, most of it consisted of Soviet grain purchases (about 1.5 billion rubles). The USSR's exports to the United States amounted to 350 million rubles in 1979. The measures of the administration of J. Carter to restrict trade with the USSR in early 1980 led to reduction of the volume of trade to 1.5 billion rubles, and of Soviet exports to the United States to 151 million rubles.<sup>4</sup> The share of the United States was only 4.7 percent of the USSR's trade with the advanced capitalist countries in 1980.

It is very important to further development of trade between the socialist and capitalist countries that it be balanced. In a number of cases the capitalist countries, showing a great interest in the markets of the socialist states, have not been concerned about expanding purchases of goods in those states, which results in a deficit in the trade of the latter with their capitalist trading partners. In 1980, for example, all the European socialist states except the USSR had a trade deficit with the advanced capitalist countries. The deficit of the GDR in trade with the advanced capitalist countries was 1,162 million rubles, that of Hungary 734 million, Poland 578 million and Czechoslovakia 304 million rubles. The USSR had a surplus of 141 million rubles.<sup>5</sup> The so-called price revolution on the world capitalist markets in the mid-seventies had an adverse effect on the balance of trade of a number of socialist countries with the capitalist countries. It is clear that the further development of trade between the socialist countries and the industrially advanced capitalist countries can occur only on a mutual basis through expansion of both exports and imports by both groups of countries. Improvement of the commodity structure of the trade of the socialist countries with the countries of the West is becoming especially important in this context.



The present structure of trade between the socialist and capitalist countries is characterized by the fact that the socialist countries are importing products of the manufacturing industry to a considerable degree, especially machines and equipment. Products of the manufacturing industry represent about four-fifths of imports of the socialist countries of Europe from the capitalist countries. Machines and equipment make up a major portion of these products--more than one-third. Products of the chemical industry represent a notable figure in imports, and in recent years the socialist countries have been expanding purchases of industrially produced consumer goods in the capitalist countries. Imports of raw materials and food from the capitalist countries are relatively small (their share is 17.4 percent).

The share of products of the manufacturing industry in exports of the socialist countries to the advanced capitalist states grew from 29.3 percent to 38.1 percent over the 1960-1977 period. At the same time the share of raw materials and fuel in exports of the socialist countries increased.<sup>6</sup>

The tendencies referred to are also characteristic of the USSR's trade with the advanced capitalist countries. Purchases of machines and equipment have dominant importance in Soviet imports from those countries. A notable role is played by imports of certain types of industrial raw materials and intermediate products and chemical goods. In recent years there has been a rapid growth in the imports of consumer goods, which promotes fuller satisfaction of the demand of the public and expansion of the assortment in retail trade. This structure of USSR imports from the advanced capitalist countries is in line with the tasks set by the 26th CPSU Congress, which noted that there was a need "in the import sector to make optimum use of opportunities for international division of labor to speed up scientific-technical progress and to satisfy more fully the needs of the economy for progressive equipment, the most up-to-date manufacturing processes and raw materials and supplies, and also the demand of the public for consumer goods."<sup>7</sup>

We should note at this point that more than half of the entire amount of Soviet exports to the advanced capitalist countries (56 percent in 1980) now consists of petroleum and petroleum products. The Soviet Union is now delivering petroleum and petroleum products on a rather substantial scale to the FRG, France, Finland, Italy and other countries. Natural gas, which is being supplied to the FRG, Italy, Austria and Finland, is becoming an important new commodity among Soviet exports. Lumber and pulp and paper goods are also being exported in large quantities from the USSR.

Exports of machines, equipment and various household appliances from the USSR to the advanced capitalist countries are gradually expanding. The Soviet Union is delivering to those countries metal-cutting machine tools, forging and pressing equipment, electrical equipment, excavators, bulldozers, tractors, trucks and automobiles, timepieces, still and movie cameras, radios, television sets, and so on. But the share of machines and equipment in Soviet exports to the advanced capitalist countries is still not large. Measures to speed up technical progress, improvement of the system for product sales, better study of the market, and development of cooperation with the firms of the western countries are required to increase it. At the same time, in a number

of cases the volume of production of the products of machinebuilding has to be increased, their quality needs to be improved, and production costs reduced. Very important tasks have been set in this area in the decisions of the 26th CPSU Congress. "Develop the production of export goods," the Basic Directions for the Economic and Social Development of the USSR Over the Period of 1981-1985 and Up to the Year 1990 emphasize. "Improve the structure of exports, above all by increasing the production and delivery of the products of machinebuilding and other finished goods that meet the requirements of the foreign market, constantly raise their technical level and quality, and expand delivery of goods for export which result from a higher degree of processing."

The problem of increasing the share of industrial goods, including machines and equipment, in exports to the capitalist countries is also being dealt with with the other countries of the socialist commonwealth. Although machinebuilding is now the most important sector of their economy, and machines and equipment represent an ever larger share of total exports of the socialist countries, their share in exports to the advanced capitalist countries is still small and does not reflect the up-to-date economic structure. Taking these circumstances into account, the problems of increasing the effectiveness of trade with the capitalist countries by improving its structure have been specifically taken up in certain CEMA member countries. Special reference has been made to the for a rise of machinebuilding production, for higher quality of machines and for development of export-oriented branches of that sector.

Development of new forms of cooperation between countries of the two world systems has great importance to expansion of exports from the socialist countries and to improvement of the structure of those exports. At the present time the transition is being made more and more from trade based on individual transactions to economic relations based on long-term contracts, which define relations among the trading partners over a comparatively lengthy period. The importance of relations of this kind was emphasized at the 26th CPSU Congress, where reference was made to the need "to continue realization of the understanding in effect and to conclude new agreements in the domain of carrying out large-scale projects in the fuel, metallurgical and chemical industries and other sectors of the economy."<sup>9</sup>

Agreements between Soviet organizations and foreign firms on cooperation in developing natural resources and in building enterprises in the USSR for the production of industrial products on a so-called compensation basis are one of the forms of long-term contracts. More than 100 such contracts were concluded during the seventies. Major transactions were concluded, for example, by Soviet organizations with western firms back in the late sixties and early seventies in connection of deliveries of Soviet gas to western Europe, construction of major chemical plants, the Oskol Electrometallurgical Plant, and so on. Cooperation in building major industrial projects in one of the contracting countries is a complicated and long-range form of relations among countries of the two world systems. Construction of the major motor vehicle plant in the USSR (Togliatti) with the assistance of the Italian concern Fiat can serve as an example of this kind of cooperation. The cooperation of the USSR and the other socialist countries with the capitalist countries has been developing on the basis of agreements concerning industrial cooperation. As a rule they

call for the partners to specialize in production of particular parts or assemblies of the product, which is subsequently assembled at enterprises of one or both partners. This kind of specialization makes it possible to increase the scale of production and to raise labor productivity as well as to expand exports of products to the markets of the capitalist countries. By 1977 about 1,800 agreements had been concluded on industrial cooperation between enterprises of the socialist and advanced capitalist countries.

Scientific-technical cooperation is also developing between countries of the two world systems. It is developing both on the basis of intergovernmental agreements and also on the basis of agreements and protocols with scientific institutions and industrial firms of the capitalist countries concerning cooperation in specific fields of science, technology and production. The sale of licenses and know-how is the form of exchange of scientific-technical experience between countries on a commercial basis. In order to raise the scientific-technical level of products in a number of branches of production the CEMA member countries have expanded the importation of licenses from the advanced capitalist countries. By 1976 the socialist countries had acquired abroad more than 2,500 licenses, more than half of them in the 1971-1975 period. At the same time, relying on their own strong scientific-technical potential, the countries of the socialist commonwealth are making efforts to expand the export of licenses. An indispensable condition here is to hold a foreign patent. Recently CEMA member countries have annually been filing 14,000-15,000 patent applications on inventions and have been receiving 9,000-10,000 patents. Over the 1971-1975 period the CEMA member countries have concluded more than 700 agreements on the sale of licenses with foreign firms.<sup>10</sup>

In order to augment exports to the capitalist countries the socialist states have in recent years been expanding the practice of creating joint companies in the countries of the West in which local capital participates. By November 1977 the European socialist countries belonging to CEMA had set up 312 joint companies in the advanced capitalist countries. Among them were commercial and transportation companies, banking institutions, etc. The creation of joint companies in the capitalist state makes it possible for economic organizations of the socialist countries to make a better study of the conditions and developmental trends of markets, to raise the level of organization of technical services for goods, which is especially important to expansion of exports.

At a time when large contracts covering a lengthy period have ever greater importance in economic relations among countries, the role of long-term credit is especially enhanced. In world practice at the present time large lots and especially sets of equipment are as a rule sold on the basis of an extension of credit. The Soviet Union's major purchases of machines and equipment from western firms involved extension of large long-term credit by western banks at the usual terms. For example, in the 1974-1975 period a number of western countries extended long-term bank credit to the USSR amounting to about \$10 billion for use during the 1975-1980 period.

Thus in the seventies there was an increasingly noticeable tendency in relations between the socialist and capitalist countries for the transition to be

made from individual transactions to agreements based on lengthy and stable relations. Regulation of those relations at the intergovernmental level has very great importance to their development. For many years now the trade of the USSR and the other socialist countries with most capitalist countries has been built up on the basis of long-term trade agreements covering a period of 5 or 6 years, and new types of agreements concerning economic and scientific-technical cooperation have emerged. A number of European socialist and capitalist countries have created intergovernmental joint commissions for economic and for scientific-technical cooperation. Their activity embraces the aspects of economic cooperation in building industrial complexes, cooperation in certain types of production, and joint development and sale of new products. This kind of cooperation makes it possible for the participants to make broader use of the advantages of the international division of labor. Results of the activity of the joint commissions, for example, the USSR's joint commissions with Finland, France, the FRG, Austria and other countries, have made it possible to discover substantial opportunities for development of economic relations.

The successes in development of economic relations with certain capitalist countries have made it possible to enter a new stage in cooperation at the intergovernmental level. The reference here is to preparation and signing at a high government level of documents between the USSR and certain western European countries in which specific lines of cooperation are outlined over a lengthy period in the future. The first such document was the Long-Range Program for Developing and Deepening Commercial, Industrial and Scientific-Technical Cooperation Between the USSR and Finland Up to the Year 1990, which was mentioned above. This program outlined specific prospects for development of trade between the two countries, the possible volumes of deliveries of goods from the USSR and from Finland, measures of cooperation in building industrial and other projects in Finland and the USSR, lines of specialization, cooperation and scientific-technical cooperation, ways of collaboration in the fields of transportation, communications, environmental protection, etc. Later the USSR signed documents on long-range economic cooperation with the FRG and France.

As economic relations have developed, the issue of halting all discrimination against goods from the socialist countries on the markets of the capitalist countries has become acute. In spite of a certain improvement of the terms of trade with the socialist countries which has been accomplished by a number of capitalist countries, especially those in western Europe, certain forms of discrimination against goods from the socialist countries on western markets have been retained in the context of detente. This applies in particular to the trade policy regime of the European Economic Community toward the socialist countries.

Successful development of economic relations between the socialist and capitalist countries has not been to the liking of the enemies of detente. As before they have been taking steps aimed at disrupting economic relations between the countries of the two world systems. But actions in that direction have been gaining in intensity at the outset of the eighties, which is directly bound up with the desire of the reactionary circles to worsen the

political climate in relations between the socialist and capitalist countries in general and to torpedo detente. In January 1980 the administration of U. S. President J. Carter declared an embargo on delivery of grain to the USSR and a number of other goods even under contracts which have been concluded. This step, which is unprecedented in international economic relations, led to a sharp reduction of the already small volume of trade between the USSR and the United States (almost half in 1980). The measures of the administration of J. Carter dealt a blow to the American economy and especially to the interests of American farmers. The embargo against grain deliveries to the USSR planned earlier was one of the main reasons for the sharp reduction of their income (in 1980 the net income of American farmers fell back one-third).

The assumptions of the ruling circles of the United States that their action would receive universal support from the advanced capitalist countries have not been justified. The relations of a majority of the West European countries with the states of the socialist commonwealth have continued to develop successfully, and as a result the total volume of trade between the USSR and the industrially advanced capitalist countries rose in 1980 from 25.8 billion to 31.6 billion rubles. Deliveries from the FRG, Finland, France, Italy, Holland, Belgium and Austria to the Soviet Union increased 32.1 percent, and exports of Soviet goods to those countries 44.7 percent. In July 1980 the new Canadian Government rescinded the embargo against delivery of grain to the USSR. Later the United States itself was forced to back off from the embargo introduced by President Carter. In April 1981 it was rescinded by the administration of R. Reagan.

Important new contracts were concluded in 1980 and 1981 between socialist and West European countries. Of greatest importance among them were the "Pipes--Gas" agreement, signed in November 1981 between Soviet organizations and West German firms, under which an exchange for deliveries from the FRG of pipes, compressors and other equipment to build the gas pipeline the USSR would for 25 years, beginning in 1984, deliver to the FRG 10.5 cubic meters of natural gas per year. Conclusion of this agreement is especially significant because the draft had been sharply attacked by the American administration, which asserted that the FRG could as a result become "dangerously dependent" on the USSR. But FRG business and political circles did not dance to the tune of the Americans, and the agreement was signed. Another reason why it is important is that it represents part of a larger agreement calling for deliveries of 40 billion cubic meters of natural gas to several West European countries and also to West Berlin. According to calculations, the value of contracts for West German firms to carry out the entire project would amount to about \$4.5 billion, for French firms \$3.5 billion, for Dutch and Italian firms \$1 billion each, for Belgium \$800 million and for Japan \$600 million. Consequently, this is cooperation over the long term and on a large scale. It is no accident that the "Pipes--Gas" agreement between the USSR and the FRG is referred to as the "deal of the century" in the bourgeois press.

Meanwhile opponents of detente and above all the ruling circles of the United States are leaving no stone unturned in their attempts to undermine the process of development of economic relations between countries of the two world systems. Using as a pretext the introduction of marshal law in Poland, which



became inevitable because the enemies of socialism in that country had brought matters to a complete breakdown of the economy and the unleashing of civil war, the American administration stood in the way of still greater development of economic relations with the socialist countries. Introducing a ban on delivery of goods to Poland and the USSR, it demanded that similar measures be taken by the other NATO countries, above all the countries of western Europe. The United States has been making particular efforts to compel the FRG and other countries to cancel the "Pipes--Gas" agreement. But their efforts are not yielding the results desired. Moreover, in January 1982, i.e., after the anti-Soviet campaign organized by the United States had already begun, the government of France sanctioned the signing of a contract between Gaz de France and the Soviet association Soyuzgazeksport for delivery to France of 8 billion cubic meters of gas annually beginning in 1984.

In many West European countries ever broader circles are beginning to understand that the course of the United States aimed at exacerbation of international tension is fraught with the most dangerous consequences for those countries. Relations with the USSR and the other socialist countries have great economic importance for western Europe. Although the share of the socialist world in the foreign trade of most West European countries is comparatively small, these relations do introduce a certain element of stability into the economy of countries collaborating with the USSR and the other socialist states, which is especially important in a time of sharp cyclical fluctuations of the world capitalist economy.

Now that the economy of the capitalist countries has again been experiencing a crisis and unemployment has reached gigantic proportions, economic relations with the USSR and the other socialist countries are making it possible to give work to hundreds of thousands of people. The importance of the markets of the socialist countries for western Europe is also increasing because under the conditions of the acute crisis sales of goods to the United States have dropped off sharply. The share of the United States in West European exports has dropped from 9 to 5 percent over the last 10 years, and at the same time the EEC countries have a huge deficit in trade with the United States (about \$25 billion in 1981).

The interest in expanding economic contacts with the countries of the socialist commonwealth is having the result that the desire to continue the course toward relaxation of international tension is being preserved in the business and political circles of many countries of western Europe. Serious disagreements are arising between the United States and the countries of western Europe over the question of economic relations with the socialist countries.

The course of expanding mutually beneficial relations remains unchanged for the USSR and other socialist countries. "Proceeding from the principles of peaceful coexistence of states with different social systems and from the need to consolidate the relaxation of international tension, stable mutually beneficial commercial and scientific-technical relations are to be carried on with the capitalist countries showing an interest in cooperation with the Soviet Union"--that is the task that was set at the 26th CPSU Congress.<sup>11</sup>

At the same time one cannot but see the objective limits of development of economic relations between the countries of the two different socioeconomic systems. The main place in mutual foreign economic relations of a majority of the socialist countries is taken up by mutual economic cooperation conducted on the basis of coordination of national economic plans and allowing each country to produce products for a stable foreign market known in advance.

Reorientation of a sizable portion of foreign economic relations of a socialist country toward the market of the capitalist countries, especially those whose economy is closely bound up with the world market, could cause dangerous dependence on the world capitalist economy. Such a country could experience serious economic difficulties under the conditions of the cyclical decline of capitalist production. One cannot but take into account the attempts of certain imperialist circles to take advantage of economic relations to exert political pressure on the socialist countries. This is evidenced by Poland's recent experience. The mistaken credit, import and licensing policy in relations with the capitalist countries, which was referred to at the Seventh Plenum of the Polish United Workers Party Central Committee (February 1982), put the Polish economy in a difficult situation, which is now being overcome by a great strain on the energies of Polish party members and the entire Polish people.

While favoring development of economic relations with the capitalist countries, the socialist states are forced to take into account the aggressive nature of imperialism and the desire of the reactionary circles of the West to destroy socialist achievements. The socialist commonwealth should be concerned about consolidating its defensive might and about preserving the key sectors of the economy from a threat by the disruption of economic relations which, as events in recent years demonstrate, the militaristic circles of imperialism could undertake at any moment. Nevertheless, on the basis of an analysis of the objective economic needs, it can be said that very great opportunities exist for a further growth of economic relations between the countries of the two world systems. Taking advantage of those opportunities necessitates above all a general improvement of the situation in international relations and preservation and consolidation of the relaxation of tension.

Expansion of economic relations between countries of the two world systems is demonstrating to the workers of the capitalist countries the successes of socialism in the economic domain. Relations between countries of the two world systems is conducive to their economic cooperation, to equalization of the technical conditions of production, to the introduction of worldwide standards and specifications with respect to product quality, to the development of worldwide transportation systems, and so on. In the context of advanced relations between the countries of the two world systems the imperialist circles have less opportunity to introduce an economic blockade against the states in which transformations leading to socialism are taking place.

Expansion of international economic relations, which reflects the process of internationalization of economic life, is having the result that the technical-and-economic prerequisites are taking shape for formation of a worldwide socialist economy in the future.

#### FOOTNOTES

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### TRADE BETWEEN USSR, AUSTRIA DISCUSSED

#### Long-Term Program

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 22-25, 47

[Article by Dr. Friedrich Draschtchick]

[Text] After restoration of the Republic of Austria's independence on the basis of the State Treaty (1955) a new stage in the development of economic relations between neutral Austria and the Soviet Union began. Now, in the 27th year of multi-sectorial co-operation between such a great economically developed power as the USSR and the small industrial state Austria one can say that this cooperation is advantageous for both sides and equally serves the interests of the two countries' national economies. Thus, by the beginning of the 1980s a solid foundation for the continuous expansion of this cooperation in commercial, scientific, technical and industrial fields has been created.

*The Long-Term Programme of Cooperation for 1981-1990.*

The results of the two countries' trade and economic cooperation have created prerequisites for the signing, at the state level in January 1981 in Moscow, of a Long-Term Programme for the development and deepening of economic, scientific, technical and industrial cooperation between the Republic of Austria and the Union of Soviet Socialist Republics for the period 1981-1990.

By signing this Programme the both countries' governments expressed their readiness to undertake specific coordinated measures with the aim of further developing foreign trade, industrial, scientific and technical cooperation and their application in new sectors on the principles of neighbourly cooperation and mutual benefit.

For a long time already a whole series of bilateral agreements and treaties have been assuring the basis of this cooperation. Among them are: the Agreement on Trade and Navigation, October 17, 1955, signed in the year of concluding the State Treaty, the Agreement on Economic, Scientific and Technical Cooperation between the USSR Government and the Federal Government of Austria, 1968, the Agreement on the Development of Economic, Scientific and Technical and Industrial Cooperation,

February 1, 1973 and the Long-Term Agreement on the Trade Turnover and Payments between Austria and the USSR, May 30, 1975. The new bilateral agreements on protection of the industrial property, on cancelling the double taxation of juridical persons and also an equally important agreement on the terms of crediting the Austrian goods export to the USSR dated from 1980 and from 1982 effectively supplement the totality of measures promoting trade and expansion of cooperation.

The first ten-year Programme of deepening the Austria-USSR economic, scientific, technical and industrial cooperation dated July 3, 1973, adopted by the two countries has been successfully implemented 2.5 years before the period of its expiration. This served as an impetus for preparing the new Long-Term Programme for 1981-1990 that came into force at the beginning of 1981.

The new Long-Term Ten-Year Programme has become, one might say, synchronous with the USSR five-year-plan periods. Thus for the Eleventh and Twelfth Five-Year-Plan Periods a wider and more real base for both countries' economic cooperation was created. To assure a more definite and timely realization of the Long-Term Programme the Austria-USSR Joint Commission signed in Moscow, September 16, 1981, a document on Measures for 3 years (1981-1983) which determined the major directions of both countries' cooperation, preliminary coordinated by experts with the participation of the USSR Chamber of Commerce and Industry and the Austria's Federal Chamber of Economy.

The three-year Programme of Measures envisages several aspects:

Development of the traditional *goods trade*. The coordination specified the major groups of goods for which purchase contracts should be signed within the next three years. The mutual lists contain the agreed traditional export and import goods whose payment since 1971 is carried out in convertible currency. These goods include industrial raw materials and semi-finished products as well

as machinery, transport facilities, chemical products and consumer goods.

In some fields *goods exchange on a compensation basis* is envisaged—primarily deliveries of Austrian complete industrial installations and machinery in exchange for the products manufactured with this equipment. Here in the first place Austria's deliveries of equipment for extracting and transporting oil and natural gas repaid by gas deliveries are meant. Austrian firms along with separate equipment can also offer electric and electronic apparatus, especially that designed for compressor stations, large installations for the iron and steel, chemical, woodworking and food industries and equipment for manufacturing drinks.

*The industrial cooperation:* A special section of the Measures envisages the further development of industrial cooperation which already exists in many fields and is specified in more than 25 agreements. Along with agreements on cooperation in the production of equipment for extracting and transporting oil and natural gas there are agreements on the joint production (on the basis of division of labour) of hoist-mining and metallurgical equipment, machine tools with electronic control, track rail welding machines, equipment for the building materials industry; also the joint development and manufacture of equipment for certain branches of the chemical, petrochemical and light industries, production of transport facilities, paper-making and packaging equipment. The agreement on the joint production of tyres made of man-made materials for building and agricultural machinery signed in May 1981 is one of many examples.

The further section of the Measures envisages the *design and construction of industrial projects and means of communication in Austria and the USSR as well as in third countries*. On the one hand,

Soviet organizations should participate in the design and construction of power projects, machine-building, metallurgical and petroleum refining enterprises in Austria and on the other hand, Austrian firms will participate in the design and construction of installations for the chemical, metallurgical, petroleum refining and pulp-and-paper industries in the USSR. Cooperation of the two countries' enterprises in designing and constructing projects in third countries is carried out in close cooperation with the USSR State Committee for Foreign Economic Relations.

The agreed measures for subsequent years include also *scientific and technical cooperation* on a wide scale comprising the joint researches and developments (for example, in the power engineering industry) of a number of up-to-date methods, materials and know-how starting from industrial tests as, for instance, when developing motor engines and up to applications in office technology, as well as the joint use of the gained experience in agriculture and forestry for which special working groups exist.

And finally the section "*Cooperation in other fields*" envisages a number of measures, for example, (within the framework of working groups) for *power engineering, forestry and agriculture*, and in the fields of *motor and railway transport and tourism*. A decision on more active participation of the two countries in international *fairs and exhibitions* held in Austria and the USSR and also on measures in the sphere of insurance has been adopted.

It is worth mentioning that over recent years representatives of Austria's industrial circles and trade firms and also heads of the All-Union foreign trade organizations are regularly invited to participate in annual sessions of the Joint Commission on economic and scientific and technical cooperation and the meetings of the Committee on coordination between the Federal Chamber of Economy of Austria and the Chamber of Commerce and Industry of the USSR. Thanks to this the preparation of all official documents of these bilateral bodies in direct coordination with the two countries' interests is assured.

#### *Summit talks and measures in the field of economy and technology*

The official visit of Dr. Rudolf Kirchschläger, Federal President of Austria, to the USSR in May this year is a vivid manifestation of good-neighbourly and friendly relations between the Republic of Austria and the Soviet Union. Earlier N.A. Tikhonov, Chairman of the Council of Ministers of the USSR paid an official visit to Austria in April 1981, in the course of which talks were held on a number of economic questions and projects of cooperation in various industrial fields with Dr. B. Kreisky, Federal Chancellor of Austria, and Dr. J. Staribacher, Federal Minister of Trade, Commerce and Industry. N.D. Komarov, First Deputy Foreign Trade Minister of the USSR, N.N. Inozemtsev, Deputy Chairman of the USSR State Planning Committee and other leaders also took part in the talks.

A number of contracts on goods deliveries, for example, deliveries of over 800 thousand tons of steel pipes and industrial equipment to the USSR was signed.

In June 1981 a delegation of Austria's Federal Chamber of Economy headed by R. Sallinger, its President, visited the Soviet Union and held talks in Moscow with leading foreign trade organizations and with the USSR Chamber of Commerce and Industry on realizing the Long-Term Programme of cooperation. Special stress was placed on the question concerned with the better coordination of mutual goods deliveries for the future.

The Austrian side noted with satisfaction that over recent months a series of large contracts on deliveries of rolled steel, machinery and installations, on construction of a steel plant have been concluded.

The both states' readiness to involve new fields in the trade turnover and the exchange of scientific and technical experience was expressed by holding a scientific and technical symposium and a specialized exhibition "Modern Technology of Austria" in Moscow in September 1981 organized by Austria's Federal Chamber of economy jointly with the USSR State Committee for Science and Technology and the USSR Chamber of Commerce and Industry and also the Commercial Counsellor's office at the Austrian Embassy in the USSR. This arrangement, the largest one conducted by Austria's Federal Chamber of Economy abroad was held under the honoured patronage of N.S. Patolichev, USSR Foreign Trade Minister, Dr. J. Staribacher, Federal Minister of Trade, Craft and Industry of Austria, B.A. Borisov, Chairman of the Presidium of the

USSR Chamber of Commerce and Industry and R. Sallinger, Presidium of Austria's Federal Chamber of Economy.

The ten-day symposium was of interest not only for representatives from ministries but also for specialists of the USSR industrial and agricultural enterprises. All in all over 8,000 people and participants of discussions representing numerous enterprises and research institutes took part in it. The professional discussions and machine demonstrations which often lasted hours after the reading of reports witnessed the keen interest Soviet specialists evinced in the technical achievements and experience gained by Austria. Here it must be mentioned that the fine preparation for such a large

arrangement by Austrian standards was only possible thanks to the friendly and comprehensive help of the USSR Foreign Trade Ministry, the USSR State Committee for Science and Technology, the USSR Chamber of Commerce and Industry and also the Commercial Counsellor's office at the Austrian Embassy in the USSR.

The results of the arrangement and both countries' permanent participation in fairs and exhibitions held in Vienna and Graz, in Moscow, Kiev, Leningrad and other exhibition centres make one believe in the further expansion of cooperation in the 1980s.

#### *Volume growth and changes in the Austria-USSR trade structure*

In the 1970s trade turnover—the main form of the two countries' mutual economic ties—expanded. Both countries' *trade volume* in 1980 reached about 1,000 million rubles and in 1981—1,300 million rubles.

According to Soviet statistics the trade volume in 1981 amounted to 1,361 million rubles exceeding that of 1980 by 39.4 per cent. The Soviet export to Austria was worth 853.6 million rubles and grew by 47.1 per cent. Soviet import from Austria in 1981 came to 507 million rubles, i.e. increased by 28.1 per cent. This means that over the last year Austria's debit (according to Soviet statistics) reached about 346 million rubles.

According to Austrian statistics in 1981 the *import* from the USSR amounted to 20,800 million Austrian schillings (plus 57 per cent) and Austria's *export* to the USSR, almost 7,700 million Austrian schillings (plus 25 per cent). During 1971-1980 the import from the USSR increased from 2,600 up to 20,800 million Austrian schillings (i.e. eight times) while the Austrian export to the USSR grew from approximately 2,000 up to 7,700 million Austrian schillings (i.e. almost four times).

The USSR occupies the first place among the CMEA member-countries in Austria's trade partners. Export to the USSR is 3.1 per cent of Austria's total export and the import from the Soviet Union is 6.2 per cent of Austria's total import. As compared to

this the share of Austria in the USSR import among the Western industrial countries over recent years was 2.8-3 per cent while the Soviet export to Austria amounted to 4.5 per cent of the USSR total export to Western countries or 1.5 per cent of the USSR total export.

Evidently, the Austrian side is interested in an equal trade balance and hopes to reach it in the near future due to deliveries of Austrian machinery and equipment as specified in the Long-Term Programme of Cooperation.

We believe that in 1982-1985 the large Austrian debit will be considerably reduced.

*Deliveries from the USSR—power, raw materials, machinery and equipment*

In Austria's import from the USSR energy carriers, especially natural gas and oil (their share is ninety per cent) predominated in 1981 to a greater degree than in the previous years. The share of other USSR raw material deliveries (largely ore, scrap, spinning raw materials, raw material for the pulp-and-paper industry and wood) is 6.5 per cent. The rest, 3.5 per cent, falls to purchases of chemicals, pig iron, non-ferrous metals, paper and textile products and the machine-building industry products including Soviet cars, very popular in Austria.

Perspectives of the growth of Soviet deliveries to Austria are primarily connected with the increase of Austria's demands for energy carriers and prices for oil and natural gas. During the 1980s the USSR power and raw material deliveries in which the Austrian industry is in constant need will also constitute the largest portion of Austria's import. Thus for example, in connection with constructing a new gas pipeline from Eastern Siberia to Western Europe Austria has placed orders for additional deliveries of gas. There is also a good future for marketing Soviet industrial equipment and cars. Here, of course, much will depend on how well Soviet organizations will create a servicing network in Austria with spare part warehouses and reach an agreement on expanding industrial cooperation between the two countries' enterprises in the field of machine-building, production of industrial facilities and cars.

*Seventy-five per cent of Austria's deliveries falls to rolled metals, machinery and ships*

The involvement of Austrian steelmaking industry in deliveries of steel pipes and hot rolled and cold rolled steel sheet (partly for manufacturing pipes for gas pipelines and partly for the motor industry) has greatly influenced the country's export structure to the USSR. This group—"processed products"—in 1981 reached over 58 per cent in the

Austrian goods range and was worth 4,500 million Austrian schillings. In addition to the above-mentioned steel pipes and steel sheet the deliveries of

which last year were worth 3,700 million Austrian schillings the USSR imported also non-ferrous metals, various metal products, textile goods, paper and cardboard, mineral products and other goods.

The share of the Austrian export of machinery and transport facilities in 1980/81 was somewhat reduced and was about 17 per cent of Austria's total export. Besides various industrial equipment (especially metal-working machine tools, machinery for the chemical industry and machinery for processing plastics) this includes office machinery, communication instruments and river passenger and cargo vessels being built in the Austrian shipyards on the Danube for the Soviet inland water transport. Over one hundred Austrian ships operate in the USSR rivers and the Danube.

In addition to steel, machinery and transport facilities amounting to approximately 76 per cent of Austria's annual export, about ten per cent falls to consumer goods, mainly footwear, textile, ready-made garments and lamps. The rest, ten per cent, falls to products of the chemical industry—primarily organic chemicals, paints and tanning agents, plastics, aromatic substances and pharmaceutical products. The share of foodstuffs deliveries from Austria in 1981 was about two per cent; the remaining portion falls to deliveries of raw materials including spinning raw material.

While in subsequent years Austria's delivery volume of ferrous metallurgy products—rolled metal, sheet and pipes will most likely be worth 250-400 million rubles, Austrian machine-builders think of increasing the marketing of their products (on the basis of the USSR actual capital investment plans) including equipment for new gas pipelines and equipment for the extraction industries—coal, natural gas and oil; metallurgical equipment, equipment for the chemical industry and power stations; metal-working machine tools with electronic control, installations for manufacturing building materials, woodworking installations; production lines for consumer goods, for example, installations for processing fruit, milk and meat; machinery for the textile, footwear and clothing industries and, of course, ships.



Over recent months Soviet organizations have placed large orders with Austrian machine-builders which may result in an increase of the delivery volume of the machine-building industry's products to the USSR in 1982/1984. Thus, for example, in 1981/1982 the Soviet Union placed orders with Austrian firms for constructing an iron and steel works in Zhlobin (the Byelorussian SSR), a factory for manufacturing spectacle frames in the town of Yelets, for ten cargo vessels; for manufacturing a complete papermaking machine, an installation for manufacturing wallpaper from polyvinylchloride and decorative films, an installation for manufacturing plastic pipes and polyvinylchloride floorings, hori-

zontal lengthwise forging machines, milling machines for processing crankshafts; oil and gas fittings as well as for three "delux" class passenger motor ships, three excavators with back shovels, etc. The time of deliveries covers the period up to 1984.

The promising start of realization of the Long-Term Programme of Cooperation between Austria and the USSR for 1981-1990 and the decisions of the

13th Session of the Austria-USSR Joint Commission embracing almost all fields of economic cooperation open a new stage in Austria-USSR relations. New programmes of cooperation, recommendations and decisions and to a still greater degree the mutual concern of both countries' buyers and suppliers is a reliable guarantee for the further stable development of the traditional forms of cooperation and a prerequisite for the involvement of new spheres in the two countries' economic cooperation.

#### USSR Chamber of Commerce

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 26-27

[Text]

For more than 60 years the Vienna International Trade Fair has attracted business people from all over the world. Soviet exhibits at the Fair demonstrate the Soviet Union's economic progress and achievements, a country which is one of Austria's major trading partners.

Soviet-Austrian trade expands from year to year. In 1981 the turnover amounted to 1,300 million rubles, while for the past decade it has increased

almost eightfold. The range of goods exchanged becomes more diversified. Our country delivers to Austria energy carriers, chemicals, various machine tools and equipment.

Austria's shipping products are well known in the Soviet Union. In the past 35 years the Österreichische Schiffswerften Linz-Korneuburg A.G. shipping yard has built 118 ships of various types for the Soviet Union: dry cargo freighters, passenger liners

and special vessels. These can be seen on the Danube, the Volga River and Siberia's rivers. Cooperation with Austrian firms Vöest Alpine, Voith, Gertner and Austrian Oil Administration is making good progress.

Long-term cooperation in energy carriers deliveries, specifically gas, is also good. Three agreements have been signed on gas deliveries to Austria covering the period ending in the year 2000.

The desire of both countries for more diversified ties and a constructive approach to the solution of economic problems underlie the progress achieved in their trade and economic cooperation. Good headway is being made in implementing the Long-Term Programme for the Development and Deepening of Economic, Scientific Technical and Industrial Cooperation between the USSR and the Republic of Austria for 1981-1990.

The Programme pinpoints the main

guidelines of cooperation for the next decade and provides for increased trade, cooperated manufacture, design and construction of facilities in the Soviet Union, Austria and third countries.

Other forms of cooperation also gain increasing ground. For example, the All-Union Association Stankoimport and the Austrian firm Heid A.G. have signed an agreement within the framework of their industrial cooperation on manufacturing lathes with numerical programmed control.

Various activities designed to promote cooperation between Soviet and Austrian partners include familiarization of Austrian companies with the structure of Soviet foreign commerce and the achievements of the Soviet Union in industry, science and technology. Important among these are exhibitions and fairs; also, patent and licence sales. These forms of cooperation are within the domain of the USSR Chamber of Commerce and Industry.

The Chamber has gained great experience in cooperating with Austrian firms and organizations, specifically, with the Federal Economic Chamber of Austria. An important role is played

here by the Liaison Committee of the two Chambers whose function is to expand business and help achieve the aims of the Long-Term Programme.

Various seminars and business visits to the Soviet Union are arranged for Austrian businessmen by the Soviet Chamber. In 1981 it hosted five large delegations from Austria.

In the past five years 204 Austrian patents have been registered in the Soviet Union through the Chamber of Commerce and Industry and 300 Soviet patents in Austria.

Organization of exhibitions in the Soviet Union and abroad is another important aspect of the Chamber's activities. The Chamber's V/O Expocentr

organizes annually some 200 such exhibitions in different Soviet cities. These include: international exhibitions; foreign exhibitions; exhibitions of individual firms and organizations; exhibitions-symposia; "days of science and technology"; and displays of catalogues and promotional materials.

Austrian firms take an active part in exhibitions held in the Soviet Union. In 1981 over 100 Austrian firms displayed their goods at 17 international, sectoral and specialized exhibitions. Their exhibits were particularly numerous at the international shows Podshipniki (Bearings)-81, Svyaz (Communications)-81 and Obuv (Footwear)-81. Some Austrian firms held exhibitions and symposia in different Soviet cities. Here are some of them: a symposium on fully automated control systems and installations for saw mills (Springer); a symposium on glues and varnishes for furniture and shoe makers (Wegscheider Farben GmbH); an exhibition on achievements in metabolism (Beckman Instruments GmbH); etc.

In 1981 Moscow hosted a symposium and an exhibition, Modern Equipment from Austria, sponsored by the Federal Economic Chamber of Austria. Sixty-one firms displayed over 400 exhibits there, mostly industrial equipment and technological processes. N.A. Tikhonov, Chairman of the USSR Council of Ministers, visited the exhibition.

At the symposium over 100 lectures were read to Soviet audiences by Austrian engineers on achievements in the steel, metal-working, engineering, petrochemical, pharmaceutical, wood-working, paper, textile and leather industries.

The forthcoming Soviet exhibition at the 1982 Vienna International Trade Fair is expected to occupy over 2,000 sq.m. Some 20 Soviet foreign trade associations are going to take part, including Stankoimport, Tyazhpromexport, Tsvetmetpromexport, Prommashexport, Raznoexport, Prodintorg, Almazjuvelirexport, Sojuzgasexport, Mezhdunarodnaya Kniga, etc. The USSR Academy of Sciences will put on show a series of R. and D. results achieved by Latvian scientists. A special section will be devoted to the

Georgian Republic and its economic achievements and successes stemming from the Leninist nationalist policies of the Union of Soviet Socialist Republics the 60th anniversary of which formation we are celebrating this year.

A special photo display will be devoted to the 25th anniversary of the

USSR State Committee for Foreign Economic Relations. Visitors will be able to learn a lot about the Soviet way of life, the rising living and cultural standards of the Soviet people and the Soviet Union's policy of peace and cooperation with other nations.

Friendly relations between the So-

viet Union and Austria will be covered by another section.

The participation of the Soviet Union in the coming Vienna International Trade Fair will add to the further progress of Soviet-Austrian trade, economic, scientific and technical cooperation.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### BRIEFS

WEST GERMAN CRANES--This year West Germany's Liebherr Co will deliver to the Soviet Union 323 telescoping truck-mounted cranes worth DM360 million, on the basis of an agreement concluded with the main office of Moscow Mashinoimport. These are to be put to use in laying the Urengoi-Ushgorod natural gas export pipeline. For use in marsh construction areas 220 of these cranes are supposed to have increased cross-country capabilities and represent the largest part of the order. The remaining 103 cranes, with a lifting capacity ranging from 55 to 80 megaponds, are outfitted with special equipment which makes it possible to do lifting and assembly work with temperatures as low as -60°C. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 7] 12124

MACHINE TOOLS TO USSR--Austria's Heid Co will deliver 58 machine tools in 1983-1984 to the Soviet Union to manufacture large pipes. For their part the company will order heavy machine tools with numeric program control from the Soviet Union. Both agreements were made with the head office of Moscow Stankoimport. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 7] 12124

SOVIET CONTRACT WITH OPC--Moscow's Soutskhim Export Office and Occidental Petroleum Corp have concluded a \$500 million agreement. According to its terms, OPC will deliver 900,000 tons of superphosphate acid to the Soviet Union by year's end and order 750,000 tons of ammonia from them. The mutual deliveries of chemical products are the result of a 20-year agreement concluded in 1973. According to this agreement eight ammonia and two carbamide factories were built in the Soviet Union as well as the ammonia line from Togliatti to Odessa. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 7] 12124

YUGOSLAV DOCK FOR USSR--Yugoslavia's Yoso Losovina Mosor Co will build a floating dock with a capacity of 60,000 tons on behalf of Sudimport and deliver it to the Soviet Union in 1985. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 7] 12124

GERMAN ETHYLENE PLANT TO USSR--An ethylene plant with an annual capacity of 250,000 tons will be delivered to the Soviet Union by the Linde Group. The transaction amounts to over DM300 million. The enterprise, which will also produce other petrochemical basic products, is to be erected in Kalush in the

Ukraine and comprise a part of a chemical complex there. It will use gas oil as the basic material. The Uhde Group will deliver equipment for a benzene plant in the Kalush complex with an annual output of 100,000 tons and take care of the designing. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 8] 12124

ITALIAN EQUIPMENT FOR USSR--Italy's Snia Viscosa Co will deliver equipment for a plant to manufacture the acrylic staple fiber Welikren; the plant is to attain an annual output of 34,000 tons in 1985. The construction site is Novopolitsk in White Russia. Payment will be accomplished through deliveries of finished products from the new enterprise. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 8] 12124

FINISH TV TO USSR--Salora OY, Finnish manufacturer of color TV sets is negotiating with Soviet offices about scientific-technical cooperation. The report states that the Soviet Union is interested in the Ipsola equipment which was developed by Salora and wants to introduce it in its own color TV sets. Starting in the fall Salora OY will deliver for the first time 2,000 color TV sets to the Soviet Union and Czechoslovakia. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 8] 12124

SOVIET-SWISS NEGOTIATIONS--Switzerland's Ciba-Geigy Co is discussing with Soviet offices possibilities for an exchange of technologies to produce medical preparations on a commercial basis. The Swiss company is prepared to buy licenses for original Soviet preparations and to market them through its own network of companies abroad. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 8] 12124

SOVIET LICENSE FOR AUSTRIA--VOEST [United Austrian Iron and Steel Works, Inc]-Alpine has acquired a Soviet process for repairing converters without cooling. The process which is used in the Soviet iron and steel industry makes possible the repair of the fireproof lining without any interruption in production worth mentioning. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 5 Aug 82 p 8] 12124

GRADING MACHINES--Japan's Caterpillar-Mitsubishi Co will deliver 225 type "D6D" grading machines worth about 4 billion yen to the Soviet Union. Thus, it received a second Soviet order within the context of a project to open up Siberian forest stands. A first agreement to deliver 400 graders worth 7 billion yen had been concluded in August 1981 [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug 82 p 7] 12124

SOVIET METALWORKING MACHINES--Machine tools produced by a White Russian enterprise worth R600,000 will be delivered by Stankoimport to Hoesch and EMAG in 1983. The units have a table width ranging up to 2 meters and are equipped with numeric program control. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug 82 p 7] 12124

PORTUGUESE RIGS FOR USSR--Portuguese shipyards will likely build a number of combination inland waterway-ocean-going ships for the Soviet Union. Negotiations on this are still in progress. Three such ships are presently under

construction on the basis of an earlier agreement. At a meeting of the bilateral economic commission in Moscow the Portuguese side announced its interest in building other types of ships, too, for the Soviet Union, and a floating dock and drilling rigs for petroleum and natural gas exploration in the shelf. It also offered to do more repairs of Soviet ships in its own shipyards. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug 82 p 7] 12124

FRENCH PHARMACEUTICAL PROJECT--The French firm Les Laboratoires Servier will negotiate about a construction project involving a factory for medicinal preparations in the Soviet Union. Given a positive result of the negotiations, the company will be involved in the designing and the work routine including the installation of an automatic control system and it will render engineering services. Also, the firm's involvement in organizing a pharmaceutical research center in the Soviet Union is not impossible. This year an antidiabetic preparation which the company developed has been licensed in the Soviet Union. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug pp 7-8] 12124

DUTCH GAS MEASURING STATION--Mashinoimport has ordered complete gas measuring stations for long distance pipes from Instromet B.V., a Dutch firm, worth over \$17 million; they are to be delivered in 1983. The company had delivered a first station of this kind to the Soviet Union in 1976. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug p 8] 12124

FRENCH BOILER PLANTS--The main office of Moscow's Mashinoimport has ordered very efficient steam boiler plants from CNIM, a French firm, costing about \$20 million, which are destined for Soviet petrochemical enterprises and are to be delivered in 1983. Each plant consists of two boilers with an hourly output of 200 tons of steam. This concerns the first Soviet agreement of this type which was made with CNIM. In 1967 the French company had delivered equipment for refuse incinerators to the Soviet Union. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 12 Aug 82 p 8] 121214

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